

Recommended Item from Scrutiny Committee Held on 10th November 2009

476. JOINT SCRUTINY SPOTLIGHT REVIEW OF SHARED PROCUREMENT

Councillor Wallis presented a report detailing the Joint Scrutiny Spotlight Review of Shared Procurement, she noted that the new method of review had been very successful and hoped that it would be used elsewhere.

It was noted that since its inception, the shared procurement unit had operated effectively across the three Authorities. There were examples of good practice and the unit had a good reputation with Officers. It was recognised that with the resources available, the unit was providing a value for money service with professional advice that ensured that officers were aware of their legislative obligations.

Moved by Councillor S. Wallis and seconded by Councillor J.A. Clifton
RECOMMENDED to the Executive that (1) a strategy for the unit be produced to raise the profile and promote the service to officers and members across the three authorities and externally.

The strategy should include the following elements:

- Roles and responsibilities of the unit
- Promotion to minority groups
- A programme of training and workshops on procurement including equality, sustainability and ethical procurement
- Awareness for officers in their induction programme
- Frequent reporting timetable of savings, performance and best practices
- Review and improvement of the website
- A review of the events, documents, support available for external users,

(2) That a review of the vision for the unit be undertaken to move the unit to the next level to include:

- Culture change and consistency across the three authorities
- Exploration of opportunities to work with other councils, parish councils and capital work to maximise the use of our expertise
- Equality Impact Assessments to be used as a tool for procurement
- Review of the partnership to respond to the changing environment in the three authorities

- Analysis of the services required and contractors used by the three authorities to identify opportunities for joining contracts and economies of scale
- Prioritisation of work undertaken based on risk to the authority
- Consideration of cost against the benefit of additional staff resource to understand the value of increasing staffing within the team,

(3) Investigate the potential to reduce the end to end time in the life of the contract to ensure all service areas support the process,

(4) Introduce a review process at the end of the tendering exercise to identify improvement opportunities both internally and externally based on customer satisfaction,

(5) Review the process and documentation with the end users to ensure the process is clear and user friendly,

(6) Work be undertaken with managers to ensure they have the skills to effectively manage the operational delivery of the contract and any associated risks,

(7) That conditions of contract be standardised across the three authorities where feasible,

(8) That guidance be produced by the unit that sets out clearly the roles and responsibilities of the unit and officers using the service,

(9) That each authority recognises and acknowledges that the procurement role is mobile rather than office based by promoting this way of working for the unit.

(Head of Democratic Services)

**Shared
Procurement
Joint Scrutiny
Report**

Of

Bolsover District Council

Chesterfield Borough Council

**North East Derbyshire District
Council**

**September/October
2009**

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Foreword by Councillor Frank Taylor Chair of the Review Panel

I am pleased to present this report on behalf of the Review Panel of the Joint Scrutiny Committee between Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council. It details the findings, conclusions and recommendations of the panel following its "Spotlight Review" of the Shared Procurement Unit.

I would like to take this opportunity to thank all of the stakeholders who gave up time in their busy schedules to speak to the Review Panel on the evidence gathering day. As a result of their comments and suggestions the panel has come up with recommendations which I hope will help the Shared Procurement Unit to build upon its success of the past two years and continue to provide an efficient, value for money service to the three authorities.

Once again, I think that Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council have shown what can be achieved through working together.

Introduction

1.1 The shared procurement unit was established on 1st June, 2007. The service provides procurement consultancy services to Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council. The remit of the section is :

- To offer professional consultancy advice on spend of over ten thousand pounds
- To consolidate demand where appropriate
- To ensure that all appropriate legislation is adhered to
- To assist with operational procurement matters
- To make savings

1.2 The structure of the unit is comprised of 2.5 FTE consisting of a Head of Unit, Procurement Officer and Procurement Assistant. The budget for the service for 2009/10 is £118,000 and the unit achieves savings which make it cost neutral. The value added elements of the service are:

- To ensure that best value is achieved in all procurements
- That opportunities for joint procurements are developed and seized
- That local standing orders and EU regulations are complied with

1.3 The Shared Services Scrutiny Committee felt that as the unit had been in operation for over two years it was now timely to examine how well the service was performing, the savings it was achieving and whether there were any areas for improvement.

Scope of Review

2.1 The review aimed to:

- Establish the awareness of the shared procurement unit and use of the service
- Measure the satisfaction of users of the service
- Measure the effectiveness of the service
- Review the robustness of the processes used
- Measure whether equality, sustainability and accessibility were embedded within the service
- Establish whether the section provided value for money

The review panel comprised the following members:

Councillor Frank Taylor (Chair) - NEDDC
Councillor John Holmes - NEDDC
Councillor Nicky Qazi - CBC
Councillor Sue Wallis - BDC

The Review Panel was supported by officers from the three Authorities:

Sue Broadhead	– Overview and Scrutiny Manager - NEDDC
Anita Cunningham	– Scrutiny Officer - CBC
Claire Millington	– Overview and Scrutiny Officer - NEDDC
Bernadette O'Donnell	– Scrutiny and Policy Officer -BDC

Key Findings

Strengths

- 3.1 Staff felt that the unit is approachable and staffed by professional, competent officers who provided well informed advice. This advice facilitated learning and gaining of new skills and knowledge to the officers using the service.
- 3.2 The unit operated with limited resources which were recognised by the stakeholders interviewed. However, it was felt that the level of service provided was very good and the turnaround of contracts was speedy within the unit.
- 3.3 Several officers expressed their gratitude for the expertise provided by the unit which ensured that they fulfilled their legislative obligations and enabled their contracts to be worded in appropriate technical language. This was considered particularly useful to ensure that risk was managed.
- 3.4 The unit was considered flexible and provided a range of options to managers to allow them to choose the most suitable solution whilst still providing scope for different levels of input. It also negotiated added extras within contracts such as free software on behalf of clients.
- 3.5 The service users felt that they were kept well informed on the progress of their tenders. Economies of scale were being realised and additional benefits from joint contracts between the three authorities.
- 3.6 Stakeholders felt that the unit offered value for money and that savings included an appropriate element of cost/quality balance and did not feel that tenders were selected inappropriately or based only on the cheapest price.
- 3.7 The unit had established a number of useful networks which it used to access information, advice and promote its work.
- 3.8 The role of sub contractors and the main contractor's responsibility to them was being highlighted in contracts which was considered good practice.

- 3.9 Electronic access to advice and support was available; however there is scope to develop further.
- 3.10 The majority of stakeholders felt that cultures within the three authorities were changing to understand the value of shared procurement, although it was recognised that this needed to be developed further. This change in culture was more evident with large contracts as opposed to the smaller routine ones.
- 3.11 The service was consulting and taking account of equality issues in its processes and documentation. Positive communication between the procurement unit and the equal opportunities officers was taking place given the resource available within the unit.

Areas for further improvement

- 3.12 The awareness of the service had grown over the past two years through word of mouth and the holding of promotion events such as meet the buyer. However, there was further scope for raising awareness especially amongst council officers and elected members of the value the service could offer. It was suggested that more workshops should be held and that the existence of the procurement service should form a part of officer's induction.
- 3.13 There was evidence that there was an opportunity and need to undertake an exercise to analyse the items that the three authorities were buying and the suppliers being used. It was felt that this would further exploit economies of scale and obtain best prices.
- 3.14 The turnaround of contracts by the unit was considered satisfactory but delays were often encountered at all three authorities when the contract entered the legal process.
- 3.15 Several stakeholders expressed the view that further work was required on the unit's website and internal links. Although many found the website satisfactory when they progressed along the process, it was felt that locating the site

was not as user friendly and clear as it should be. It was felt that communications and marketing needed further resource.

- 3.16 At present the process was not reviewed with officers and insufficient feedback provided which would provide a learning opportunity. It was felt that a review process was missing after submission of a tender so that errors that occurred sometimes as part of the process could be avoided.
- 3.17 The process and forms provided for end users needed to be reviewed to identify improvement opportunities as it was felt that instructions were unclear as to the use of four separate envelopes.
- 3.18 It was suggested that it would be useful to have a database/contracts register showing savings being made and the types of contract being produced by the three authorities. This would allow for more joint working between the three authorities and the sharing of best practice.
- 3.19 Further guidance was needed for officers which clarified the role the unit undertook and the requirements and responsibilities of officers placing contracts with the unit. Sustainability was one example of such responsibility and the need for officers to avoid the risk of non adherence with the green purchasing policy by ensuring they had met the necessary requirements. The level of support provided by the unit varies greatly between officers using the service which was not always related to the complexity of the contracts involved.
- 3.20 There needed to be further development of the assessment of contractors to ensure that they deliver what they promise in their contract document. Training was needed for officers to ensure that they managed contracts, any relevant risks and properly monitored their delivery.
- 3.21 Recent training on procurement had been undertaken by Bolsover District Council and a useful guide produced. This should be rolled out at the other two councils.

- 3.22 A clearly identified strategic approach needs to be produced which makes it clear how contracts to be undertaken by the unit are prioritised to make sure those with the highest risk are managed and the most effective use is made of the resource available within the service.
- 3.23 A procedure for seeking feedback from internal and external service users needed to be implemented following tender completion. Although it is planned to undertake post tender satisfaction surveys, none have been undertaken to date. A structured timetable for their use would provide useful customer information to help inform and improve the service.
- 3.24 Although cultures have changed within the three authorities this is not consistent and further work on processes and awareness need to be undertaken to further embed this within each organisation.
- 3.25 The unit is situated at Bolsover District Council but covers the three authorities. The unit is currently flexible and this is aided by the mobility of the Head of the unit through the provision of mobile equipment. However, this aspect of the role needed to be recognised by managers and the benefits it brings.
- 3.26 Further work is needed to explore the future of the unit, its role and areas where it could develop more work. These could include parish councils, other authorities and wider take-up by officers across the three existing authorities.
- 3.27 Officers felt that the unit needed to report more frequently on the savings it is making to a wider audience. This would have the dual benefits of demonstrating the amounts the unit was saving together with the joint working opportunities and types of contracts being undertaken.
- 3.28 The service needs to be given the opportunity to be involved in capital bids across the 3 authorities.
- 3.29 Work on standardisation of contract conditions and documentation needs to be completed.

3.30 There was still further work to be undertaken on making the procurement process more accessible to those who want to tender including minority groups and to raise awareness of how equalities and sustainability fit into the process. It was suggested that Equality Impact Assessments could be used as a tool to determine contracts procured.

Conclusion

4.1 Since its inception the shared procurement unit has operated effectively across the three authorities. There are examples of good practice and the unit has a good reputation with officers. It was recognised that with the resources available the unit was providing a value for money service with professional advice that ensures that officers are aware of their legislative obligations.

4.2 However, there are some identified areas for further improvement and development including:

- Awareness of the unit, its role and its achievements
- Documentation
- Sharing of information and best practice
- Customer feedback to improve service

Recommendations

5.1 That a strategy for the unit be produced to raise the profile and promote the service to officers and members across the three authorities and externally.

The strategy should include the following elements:

- **Roles and responsibilities of the unit**
- **Promotion to minority groups**
- **A programme of training and workshops on procurement including equality, sustainability and ethical procurement**

- Awareness for officers in their induction programme
- Frequent reporting timetable of savings, performance and best practices
- Review and improvement of the website
- A review of the events, documents, support available for external users

5.2 That a review of the vision for the unit be undertaken to move the unit to the next level to include:

- Culture change and consistency across the three authorities
- Exploration of opportunities to work with other councils, parish councils and capital work to maximise the use of our expertise
- Equality Impact Assessments to be used as a tool for procurement
- Review of the partnership to respond to the changing environment in the three authorities
- Analysis of the services required and contractors used by the three authorities to identify opportunities for joining contracts and economies of scale
- Prioritisation of work undertaken based on risk to the authority
- Consideration of cost against the benefit of additional staff resource to understand the value of increasing staffing within the team

5.3 Investigate the potential to reduce the end to end time in the life of the contract to ensure all service areas support the process

5.4 Introduce a review process at the end of the tendering exercise to identify improvement opportunities both internally and externally based on customer satisfaction

5.5 Review the process and documentation with the end users to ensure the process is clear and user friendly

- 5.6 Work be undertaken with managers to ensure they have the skills to effectively manage the operational delivery of the contract and any associated risks**
- 5.7 That conditions of contract be standardised across the three authorities where feasible.**
- 5.8 That guidance be produced by the unit that sets out clearly the roles and responsibilities of the unit and officers using the service**
- 5.9 That each authority recognises and acknowledges that the procurement role is mobile rather than office based by promoting this way of working for the unit**

Appendix 1 – Methodology

“Spotlight reviews” are a new way of working for scrutiny members. They are undertaken by a small review panel (up to 6 members) of scrutiny Committee members. The review process is intensive and completed over a short space of time. The approach centres on an evidence gathering day. During the course of this day information is collected and collated via “interviews” and discussion groups with officers, members and other stakeholders. It is anticipated that spotlight reviews can, when required, be completed start to finish in approximately six weeks. This is a considerably shorter time scale than “in-depth” reviews which tend to be undertaken over a longer time period (6 months or more). Spotlight reviews are not intended to provide a detailed analysis. They are designed to identify “quick wins”. They can usefully be established to respond to emerging issues, prompted by, for example, evidence of declining performance or a policy not meeting objectives.

The spotlight review process can be summarised as:

Stage 1 - A briefing paper is issued to the review panel approximately two weeks before the review. The paper summarises current practice and possible areas for further improvement.

Stage 2 - An initial review panel meeting considers the briefing paper, agrees key questions and identifies additional information and research required.

Stage 3 - A one day programme of evidence gathering sessions is held. This includes interviews with various officers and members and focus/discussion groups. The day finishes with a review panel meeting to collate and triangulate key findings, and agree recommendations.

Stage 4 - A short report is drafted in consultation/conjunction with the panel chair and service officers. The report contains a summary of key strengths, areas for improvement and recommendations.

Stage 5 - A final meeting of the review panel agrees the report before its submission to the Management Team, Overview &

Scrutiny Board and Cabinet/Executive. This review is being undertaken jointly by Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council. The report will therefore also be submitted to the Shared Services Scrutiny Committee and the Joint Board. During this spotlight review of the shared procurement unit, the review panel sought views from a range of officers and members. These included the lead officers, elected members, senior managers, other officers and users of the service. A full list of those who provided information and views to the panel can be found at Appendix 2.

APPENDIX 2 - List of Stakeholders engaged during the Review process

John Ritchie	Head of Community Services	BDC
Peter Campbell	Head of Housing	BDC
Mike Moore	Neighbourhoods Manager	CBC
Natalie Rodgers	Projects Officer (Policy and Resources)	BDC
Chris Doy	Development Control Manager	BDC
Sally Ainsworth	Legal Officer	NEDDC
Steve Brunt	Street Scene Manager	NEDDC
Bob Truswell	Head of the Shared Procurement Unit	
Mark Evans	Performance and Improvement Officer	CBC
John Brooks	Director of Resources	BDC
Bryan Mason	Director of Continuous Improvement	NEDDC
John Hall	Acting Procure to Pay Manager	NEDDC
Amar Bashir	Policy Officer (Equalities & Diversity)	NEDDC
Sarah Roelofs	Equalities Officer	CBC
Lynne Cheong	Equality Improvement Officer	BDC

Questionnaires were received from elected members and two Sustainability officers